



**STATE OF DELAWARE
PUBLIC SERVICE COMMISSION**

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January 29, 2014

MEMORANDUM

To: The Chair and Members of the Commission
From: Amy J. Woodward, Public Utility Analyst III *AJW/csm*
Subject: IN THE MATTER OF THE APPLICATION OF TIDEWATER UTILITES, INC. FOR
A GENERAL RATE INCREASE IN WATER BASE RATES AND TARIFF
REVISIONS (FILED November 25, 2013) – PSC DOCKET NO. 13-466

Tidewater Utilities, Inc. ("Tidewater" or the "Company") filed its application seeking approval of: (a) a general rate increase in its water base rates; and (b) miscellaneous tariff revisions on November 25, 2013. The total revenue increase requested by Tidewater in this matter is approximately \$3,903,338 (14.42%). Tidewater asserts that this increase is necessary due to increasing operating expenses and significant capital investment in utility plant.

On November 25, 2013 the Company also submitted a petition requesting authorization to collect temporary rates under bond and subject to refund 60 days after initial November 25, 2013 filing date, pursuant to 26 Del. C. §306(c) or January 25, 2014. The rates proposed to be effective on a temporary basis provide for an increase of not over \$1,730,958 annually or approximately 6.5%.

Section 306 (c), Title 26 of the Delaware Code authorizes a utility to place increased rates in effect 60 days after filing an application seeking a general rate increase in rates, providing that the increase does not constitute an increase of more than 15% of the public utility's annual gross intrastate revenues or \$2,500,000 annually, whichever is less. The interim rates proposed to be effective January 25, 2014 are within the limits set by the statute. However, the Commission meeting on January 21, 2014 was cancelled due to inclement weather and this matter was rescheduled for February 6, 2014. The effective date for the interim rates is now February 6, 2014.

Tidewater proposes to increase all rates on an "across the board" basis, which is consistent with Commission practice for implementing temporary rate increases with the exception of Private Fire Protection of which there is no interim rate change since the Company is seeking a rate decrease for this class.

Staff recommends that the Commission approve Tidewater's petition to place a temporary rate increase under bond in effect as February 6, 2014. The Company shall file their interim tariff sheets prior to the effective date.